

Department of Water Affairs
STRATEGIC PLAN

2010/11 - 2012/13



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

LIST OF ACCRONYMS AND ABBREVIATIONS

ACRONYM	DESCRIPTION
AMCOW	African Ministers' Council on Water
AO	Accounting Officer
AU	African Union
BAS	Basic Accounting System
CME	Compliance monitoring and enforcement
CMA	Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
DBMS	Database Management System
DDG	Deputy Director-General
DPSA	Department of Public Service and Administration
DRCS	Depreciated Replacement Cost value
DWA	Department of Water Affairs
ERP	Enterprise Resource Planning
EU	European Union
GIS	Geographic Information System
GMISA	Ground Water Management Institute of Southern Africa
GWS	Government Water Scheme
HDIIs	Historically Disadvantaged Individuals
HR	Human Resources
HRM	Human Resources Management
HYCOS	Hydrological Cycle Observing System
IBSA	India, Brasil and South Africa
IDPs	Integrated Development Plans
IFMS	Integrated Financial Management System
IT	Information Technology
IWRM	Integrated Water Resources Management
IASP	Invasive Alien Species Programme
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MS	Microsoft
MSP	Master System Plan
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NRF	National Revenue Fund
NWRI	National Water Resources
NWRS	National Water Resources Strategy
ORWRDP	Orange River Water Resources Development Project

ACCRONYMS AND ABBREVIATIONS

ACRONYM	DESCRIPTION
OSD	Occupation Specific Dispensation
PCRD	Post-Conflict Reconstruction and Development
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PPI	Producer Price Index
PWSP	Provincial Water Sector Plans
RBIG	Regional Bulk Infrastructure Grant
RMPs	Resource Management Plans
ROA	Return on Asset
RSAP	Regional Strategic Action Plan
RWRP	River Water Resources Project
SADC	Southern African Development Community
SALGA	South African Local Government Association
SAMP	Strategic Asset Management Plan
SAP	Systems Applications Products
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprises
TAM	Total Asset Management
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UN	United Nations
USA	United States of America
VRESAP	Vaal River Eastern Sub-system Augmentation Project
WARMS	Water Registration Management System
WDCS	Waster Discharge Charge System
WMAs	Water Management Areas
WMI	Water Management Institution
WRC	Water Research Commission
WSAs	Water Services Authorities
WSDP	Water Services Development Plan
WSLG	Water Sector Leadership Group
WTE	Water Trading Entity
WUA	Water User Associations
WULA	Water Use License Authorisation
WWC	World Water Commission
WWTW	Waste Water Treatment Works

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FOREWORD

by the Minister



The Department of Water Affairs remains committed to honour President Zuma's promise that we shall not falter until each and every community in our nation has clean potable water because our water supply forms a strong backbone to all social and economic development initiatives. Our capacity to make this a reality depends on the availability of relevant policy instruments to guide decision-making in water resources management, a clear understanding of current and future water needs of the various sectors of our economy, a regulatory framework that ensures compliance to policy legislative and stipulations, the availability of capacity to perform the tasks at hand.

The Department has developed policy instruments that have yielded some successes including the achievement of the Millenium Development Goals (MDGs) for Water. Through a broad-based stakeholder consultation we have developed a clear picture of our country's current and future water needs. This information will facilitate the planning and management of the demand and supply of water. The Department has also put in place strategies for planning and implementing the provision of adequate supply of quality water. However, in order to go beyond current achievements and to ensure that equity is indeed achieved in water allocation and distribution, we are embarking on Water Allocation Reform (WAR). This will entail the amendment of the National Water Act, 1998 (Act No.36 of 1998) and other related policies. As part of the policy review programme we are also examining our legislation to promote alignment with local government policies. It is our hope that by realigning the institutions in the water sector we will be able to harness available expertise and leverage the economies of scale.

As we refine our policies to ensure more efficiency, it is critical that our alignment to broad national plans developed by the National Planning Commission is maintained. It is my intention to engage effectively with the National Planning Commission in order to keep water at the centre of national planning and to synchronize the Department's plans with the national ones. We also hope to strengthen our cooperation with the Department of Cooperative Governance and Traditional Affairs (COGTA) with the view to contributing to the Local Government Turnaround Strategy.

The management of the supply and demand for water is premised on the assumption that the public appreciates the need, not only of getting what is within their rights, but also of conserving and maintaining it as a scarce resource. Indeed, unless there is a countrywide appreciation of the finite nature of water and the additional limitations imposed by factors such as climate change, the effort to reconcile the demand and supply of water is doomed to failure. The department will intensify the implementation of a public awareness and education campaign to infuse a deeper appreciation and understanding of water.

FOREWORD

Furthermore, we have been bestowed with an honour and responsibility to chair the African Minister's Council on Water (AMCOW) for the next two years. The responsibility to chair the Council not only puts a spotlight on South Africa's performance on its water program, but it also puts us in a leadership position to address the seemingly intractable problem of supplying potable water to African communities. Together with my other African colleagues, we will exercise our leadership to identify specific actions for the implementation of the continental water and sanitation agenda at the national and sub-regional levels. We will also strive to strengthen our institutional capacities without which all our plans will be null and void.

With all these challenges and opportunities ahead of us, I hope for renewed commitment and enthusiasm among employees in the Department.



Ms BP Sonjica, MP
Minister of Water and Environmental Affairs

STRATEGIC OVERVIEW

by the Acting Director-General



Water is at the heart of economic growth and social development. In the quest to identify opportunities for new areas of growth and economic participation and to progressively set the country on a new trajectory of growth and development, the central role of water is explicitly recognised by government's Medium Term Strategic Framework (MTSF) for the period 2009-2014.

The key challenge to the achievement of the mandate of the Department is thus to manage the seemingly conflicting demands linked to this mandate: the ever increasing demand versus diminishing supplies; development of new sources of water versus maintenance of existing ones; and providing for industrial growth versus providing all South Africans especially the underserved. To resolve these apparent conflicts and to avoid the traditional fragmented approach (handling one aspect of water management to the exclusion of others), the Department adopted the Integrated Water Resources Management (IWRM) approach which provides a more holistic approach to water management.

The IWRM requires intensive planning to ensure efficient, equitable, and sustainable management of water resources and for coping with conflicting demands. To this end the Department developed two key strategic frameworks to guide it, namely the National Water Resources Strategy in South Africa of 2004, and the Water for Growth and Development Framework of 2008. The strategy seeks to achieve the reconciliation between the available water resources with growing requirements. The Water for Growth and Development Framework, on the other hand, guides actions and decisions that will ensure water security in terms of quantity and quality to support South Africa's requirements for economic growth and social development.

The Department in close collaboration with the provinces and local government, embarked on reconciliation studies to assess the current availability, use, and future requirements for water and how these can be reconciled. Scenarios of future demands were developed and measures planned to meet this future needs, taking cognisance of the possible impacts of climate change. The strategies will be continually updated and adjusted as the actual demand manifests itself. A key finding in all of these strategies is that extensive programmes for the more efficient use of water will have to be implemented. Major infrastructure developments (dams and related infrastructure) are also part of these strategies.

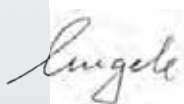
To underscore its commitment to the pursuit of universal access to water, the Department is investing in new infrastructure and maintaining and rehabilitating dysfunctional systems to ensure operational efficiency. This commitment is particularly relevant with respect to developing water infrastructure to meet the specific needs of different rural communities. Closely related to rural development is the need to

mainstream the support to local government to sustain the infrastructure underpinning efficient service delivery to communities.

The Department recognises that a sustainable reconciliation of supply and demand for water as well as for quality and quantity requires a robust focus on regulation. Regulation in certain priority areas such as drinking water quality and access to services has started and we have also initiated an electronic drinking water quality management system which provides the first national overview on the status of municipal drinking water quality and performance of waste water treatment works (WWTW). Adequate resourcing and capacity building of the regulatory functions are key priorities while also addressing the need to improve the local government's awareness and appreciation of national norms and standards and other requirements.

As issues of water security (quality and quantity) and regulation have emerged as major concerns in the water sector, the need for the Department to become visible as sector leader as well as regulator has been illuminated. The Department will embark on a targeted skills development programme for the sector. This will entail skills gap analysis, integration of already existing interventions, and enhancement of partnerships with the Department of Higher Education and Training, DWA's public entities and institutions of higher learning. The Department also aims to build internal capacity required to regulate the technical, economic, environmental and social aspects involved in providing water services.

Moreover, the Department has taken a decisive step towards addressing the issues raised by the Auditor-General in the Annual Report for the 2008/9 financial year. Going forward the Department will develop separate strategic plans for the two institutions, namely the Main Exchequer Account and the Water Trading Entity (WTE) with effect from April 2010. The two plans will be incorporated into one document.



Ms N Ngele
Acting Director-General

I Background Information

I.1 Key legislative mandates

The work of the Department is informed by various key legislative, policy and regulatory frameworks that are discussed as follows:

I.1.1 Water Services Act, 1997 (Act No. 108 of 1997)

The objective of the Act is to provide for the rights of access to basic water supply and basic sanitation by setting national standards and norms. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa (Act No. 108 of 1996), vests the executive authority and responsibility in the Minister to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

I.1.2 National Water Act, 1998 (Act No. 36 of 1998)

The objective of the Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner; for the benefit of all persons. The Act provides that the National Government, as the public trustee of the nation's water resources and acting through the Minister, has the power to regulate the use, flow and control of all water in the Republic of South Africa.

I.1.3 Water Research Act, 1971 (Act No. 34 of 1971)

To purpose of the Act is to provide for the promotion of research in connection with Water Affairs and, for that purpose, to establish the Water Research Commission and Water Research Fund, the Minister appoints members of the Commission and exercise executive oversight in regard to the Commission.

I.2 Vision

"A dynamic, people-centred Department, leading the effective management of the nation's water resources, to meet the needs of current and future generations"

I.3 Mission

"The Department of Water Affairs makes a positive impact on our country and its people as custodians of our water resources, and as innovative and committed partners in the drive for sustainable development.

- We are service and delivery oriented.
- We strive to get it right the first time, every time, on time – ensuring that our citizens are provided with the water services they deserve.
- We lead our sector and enable our partners with knowledge and capacity to ensure that all water services are delivered.
- We are committed to innovation and use cutting-edge technology as a catalyst of positive change, connecting our people and enabling them to work anywhere anytime. We are a Department with heart that values our investment in our people.
- We provide them with a caring and trusting environment that encourages personal development, and is a breeding ground for talent."

I.4 Values

Our values are as follows:

Transparency: we fulfil our mandate in an ethical and open manner

Respect: we respect each other as well as our clients and the needs of our citizens

Excellence: we are leaders and innovators in our sector, who get it right on time every time

Everyone: we are a caring employer who, through teamwork, serves South Africa's people

2 Priorities of the Department

The Department has identified the following set of priority areas which are aimed at contributing to the government-wide priorities that are outlined in the Medium Term Strategic Framework document, 2009-2014. These priorities are as follows:

2.1 Contribution to economic growth and social development

The Department recently assessed the condition of all national water resources infrastructure and established that a backlog of R10 billion has developed. To ensure operational efficiency of the supply of bulk raw water from our national water resources infrastructure, this backlog needs to be urgently addressed. To this end, the Dam Safety Rehabilitation Programme which commenced in 2005 will be continued and planned rehabilitation works will be completed at twenty five dams. A similar programme to rehabilitate water conveyance infrastructure has also been started. The Department plans to complete seven new bulk raw water augmentation projects to support sustained economic growth and meet growing social water needs.

Surveys done jointly with local government have also established huge backlogs in the rehabilitation/ refurbishment of the regional bulk water and sanitation infrastructure owned by municipalities. The Department has embarked on a programme to address these backlogs.

A revision of the current water pricing strategy is required to improve the financial viability of government bulk raw water business. Appropriate pricing of water is necessary to ensure that this scarce resource is valued by all citizens.

2.2 Ensuring sustainable and equitable water resources management

The Department has developed dynamic planning instruments which place a strong focus on determining future water needs and balancing it with the water

availability. This balancing act is achieved through reconciliation strategies. The application of these reconciliation strategies in different parts of the country ensures that the Department is able to anticipate and address future demands without compromising any aspect of water needs. Through its various water status analysis programmes, the Department will ensure the availability of reliable information to better support cross sectoral planning and development initiatives. Forecasting and balancing the demand and supply of water is a complex task but critical for long term planning in the water sector. Over the medium term, the Department will focus on: developing water reconciliation strategies; collecting and analysing information on water resources, and on improving water use efficiency through the implementation of water conservation and demand management interventions.

The Department will further strengthen Compliance Monitoring and enforcement capacity to deal with illegal water use. We will work in partnership with the Department of Environmental Affairs with regard to the establishment of dedicated courts to deal with environment related matters and also environmental prosecution forums.

2.3 Promoting rural development

As part of the part of the Expanded Public Works Programme (EPWP), the Natural Resource Management Programme has been implemented as intergovernmental programme aimed at providing job opportunities and training to unemployed people across the country. These programmes include the following projects: the Working for Water (WfW) and Working on Fire (WoF). The value-added Industries are a component of WfW that is a partnership between WfW, KwaZulu-Natal Invasive Alien Species Programme (IASP), EPWP. The programme is becoming a big initiative in its own right and it is set to expand across the country, providing work opportunities through the utilization of invasive alien biomass.

The project consists of value-adding activities such as making products, e.g. Eco-coffins, Eco-desks and walking sticks. The products are further aimed at improving the lives of the most marginalised. The Department will take the necessary steps, in co-operation with relevant provincial and local government institutions to upscale the value adding activities so as to impact positively on the creation of decent work opportunities.

Additional programmes are rainwater harvesting and financial support to poor resource farmers. The Department will intensify the implementation of rainwater harvesting to facilitate family food production and other household productive use including temporary access to potable water for rural communities. Addressing basic access to food and water is a fundamental step toward rural development.

2.4 Effective support to local government

The Department continues to implement the resolutions taken at the provincial municipal indabas in 2009. These resolutions aim, inter alia, to strengthen intergovernmental relations; to ensure that water is placed at the centre of provincial and local economic development; to build consensus around rapid response strategies on water; to enhance skills development in the water sector; to investigate options for financing water infrastructure; and to harmonise the local government and water sector legislation to improve access to services.

In addition, the Regional Bulk Infrastructure Grant (RBIG) Programme has been established to supplement the financing for the development of regional bulk water infrastructure and regional bulk sanitation collection as well as regional water treatment works and regional waste treatment works. This is a specific purpose capital grant with the objective to supplement the financing of the “social component” and the “enabling economic environment only.”

The Department has a responsibility to regulate the water sector with the primary objective of ensuring sustainable improvement. Within the municipal water services business the required improvement is huge and the need to enhance technical capacity is imperative.

2.5 Contribution to global relations

Problems related to the provision of water can never be completely addressed by individual countries. Water sources cross boundaries and therefore require collaborative action, agreements and treaties to ensure equitable access and effective management. The Department thus aims, in the first instance, to strengthen engagement with SADC member states in water-related matters and promote continental dialogue on water through the African Ministers' Council on Water (AMCOW) which is chaired by the Minister of Water Affairs. Towards mitigating against the adverse effects of climate change, the Department will lead and participate in initiatives to promote water security on the African continent.

2.6 Improving the Department's capacity to deliver services

The Department will continue with the improvement of its financial management capacity to ensure that it maintains the unqualified audits from the Auditor-General. The management of organisational performance will be improved through the development of an automated monitoring and evaluation system to ensure the credibility of information provided to various authorities. The development of scarce specific skills is also critical to address the gaps that currently exist. To ensure that the effective oversight function is performed throughout the public entities reporting to the Department, a governance and compliance framework will be implemented.

3 Statutory institutions and bodies reporting to the Minister

3.1 Public entities reporting to the Minister

3.1.1 The Trans-Caledon Tunnel Authority

This is a specialised liability management entity mandated to finance, develop and implement bulk raw-water infrastructure within an acceptable risk framework and in the most cost-effective manner to benefit water consumers. It was established in 1986 in terms of the Water Act (1956) which was repealed by the National Water Act, 1998 (Act No. 36 of 1998). Besides implementing and financing the Berg Water Project (BWP) and the Vaal River Eastern Sub-system Augmentation Project (VRESAP), it is mandated to provide treasury and financial advisory services to the Department and other water management institutions. Over the medium term, the Trans-Caledon Tunnel Authority (TCTA) is expected to increase expenditure by nine percent which is in line with the increased expenditure in projects.

The TCTA also provides financial and treasury management services to designated water boards, water management institutions and the Department in the following ways:

- advisory services to the Department on the financing and institutional arrangements for the Olifants River water resources development project; and
- advisory services to the Department on financing and implementing the Mooi-Umgeni Dam in KwaZulu-Natal.

3.1.2 Water Research Commission

The Water Research Commission (WRC) was established in terms of the Water Research Act, 1971 (Act No. 34 of 1971) to promote the coordination, communication and cooperation in water research, to establish water research needs and priorities from a national perspective, to fund prioritised research, to promote the effective

transfer, dissemination and application of research findings and to enhance knowledge and capacity building in the water sector. The WRC has five key strategic areas, each providing an integrated framework for investment in addressing a portfolio of key, water related needs. These five areas are:

- water resources management;
- water-linked ecosystems;
- water use and waste management;
- water use in agriculture; and
- water-centred knowledge.

The areas allow for multidisciplinary studies and are focused on solving problems related to national needs and supporting society as well as the water sector. While each of the areas is unique and mutually exclusive, they collectively cover the spectrum of water-related topics of strategic importance.

3.1.3 Water Boards

Water boards have been established to operate as water services providers, which mainly entails the provision of bulk water supply. These boards manage water services in their supply areas, provide potable water at cost-effective prices and act as important intermediaries between bulk infrastructure provision, water reticulation and end users. There are currently 14 water boards that have been set up as financially independent institutions, in terms of section 34(1) of the Water Services Act, 1997 (Act No. 108 of 1997) and must aim to be financially viable.

The water boards currently reporting to the Minister are as follows:

Table 1: List of Water Boards

No.	Name of Water Board	Province
1	Albany Coast Water	Northern Cape
2	Amatola Water	Eastern Cape
3	Bloem Water	Free State
4	Botshelo Water	Free State
5	Bushbuckridge Water	Mpumalanga
6	Lepelle Northern Water	Limpopo
7	Magalies Water	North West
8	Mhlathuze Water	KZN
9	Namakwa Water	Northern Cape
10	Overberg Water	Western Cape
11	Pelladri Water	Northern Cape
12	Rand Water	Gauteng
13	Sedibeng Water	North West
14	Umgeni Water	KZN

3.1.4 Catchment Management Agencies

In terms of Chapter 7 of the National Water Act, 1998 (Act No. 36 of 1998), provision is made for the establishment of Catchment Management Agencies (CMAs) and it states that their purpose is to delegate water resources management to the regional or catchment level and to involve local communities in decision-making processes. CMAs are classified as schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) which implies that they are supposed to have governing structures in the form of a board and a chief executive officer (CEO). Only two CMAs, namely Inkomati and Breede-Overberg, currently exist and both have governing boards and CEOs. The process of establishing others has been put on hold pending the completion of the institutional realignment which is aimed at reviewing the functioning of most of the statutory institutions reporting to the Department.

3.6.5 Water User Associations

According to Chapter 8, Schedule 3 of the National Water Act, 1998 (Act No. 36 of 1998), all irrigation boards formed under the Water Act of 1956 must be transformed into water user associations (WUAs) to provide a vehicle for localised users to operationally manage the use of the resource in a more integrated manner. Currently all irrigation boards are in the process of being transformed into water user associations to fall within the ambit of the National Water Act, 1998 (Act No. 36 of 1998). To date, only 68 of the 279 irrigation boards have been transformed into 48 water user associations. In addition, 35 new water user associations have been established and most of these are focused on supporting resource-poor farmers.

SECTION A

Performance Plan for the Main Exchequer Account



4 Programme Performance

4.1. The programme structure of the Department

The Department has as a result of restructuring which was influenced by government's reconfiguration, reorganised its programme structure as follows:

Programme 1: Administration

Provides policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning.

Programme 2: Water Management

Ensures that the country's water resources are used, developed, conserved and managed in a sustainable and equitable manner for the benefit of all people.

Programme 3: National Water Resources Infrastructure

Ensures a reliable supply of water from bulk raw water resources infrastructure, with acceptable risk, to meet

sustainable demand objectives for South Africa, including soliciting and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Programme 4: Regional Management

Coordinates effective implementation of the Department's strategic priorities and objectives at a regional level including the establishment of water resources management institutions, facilitating water conservation and demand management as well as accelerating access to water infrastructure by communities.

Programme 5: Water Sector Regulation

Ensures that the country's drinking water is safe, accessible and affordable and that the water resources are protected and allocated in a sustainable and equitable manner for the benefit of all people and future generations.

4.2 Performance Plan

Table 2: Strategic Priority 1: Contribution to effective economic growth and social development

Strategic Priority 1: Contribution to effective economic growth and social development						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Ensure strategies and feasibility plans exist to reconcile water requirements and availability	Strategies and feasibility plans to reconcile water requirements and available resources	Number of strategies and feasibility plans completed	Reconciliation strategies completed in 3 areas	2 strategies & 1 plan produced	2 strategies and 2 plans produced	4 strategies and 2 plans produced
	Implementation of the desalination and recycling strategies	Finalised desalination strategy	Desalination and Recycling Strategy concept note developed	Desalination Strategy finalised and approved	Recycling Strategy implemented	Desalination and Recycling Strategy implemented
Effective creation of decent employment through infrastructure delivery	Creation of decent employment through regional bulk programme	Number of decent jobs created	5908	1105	1502	1150
Ensure the provision of regional bulk water	Implementation of the Regional Bulk schemes to support access to water and sanitation programmes	Number of bulk infrastructure schemes implemented per year	45	54	38	31
Development, maintenance and rehabilitation of bulk water infrastructure	Rehabilitation and refurbishment of the transferred water services schemes	Number of transferred schemes refurbished	1000	130	110	423
		Number of staff transferred	5 200	1 000	0	0
	Implementation of the Strategy for the operations and maintenance of water services infrastructure	Finalised strategy for operations and maintenance of water services Infrastructure	Draft strategy in place	Finalisation of the strategy for operations and maintenance of water services Infrastructure	Implementation of the strategy for operations and maintenance of water services Infrastructure	implementation of the strategy for operations and maintenance of water services Infrastructure

Strategic Priority 1: Contribution to effective economic growth and social development						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Ensure effective implementation of Pricing strategy and funding model	Reviewing the pricing strategy and infrastructure funding model	Percentage implementation of the milestones in the pricing strategy	"As-Is" situation analysis of water pricing and funding model has been done	80% Implementation of the milestones in the pricing strategy and funding model	100% Implementation of the milestones in the pricing strategy and funding model	100% Implementation of the milestones in the pricing strategy and funding model

Table 3: Strategic Priority 2: Contribution to rural development, food security and land reform

Strategic Priority 2: Contribution to rural development, food security and land reform						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Create sustainable rural livelihoods	Implementation of the rain water harvesting programme	Number of additional rainwater harvesting tanks distributed for food production	500	5000	6000	7500
	Provision of adequate support to poorly resourced farmers	No of job opportunities created by Working for Water (WfW) per year	23 700	25 300	28 400	28 400
	Implementation of the Natural Resource Management Programmes to support EPWP	No of job opportunities created by Working on Fire (WoF) per year	1 669	2 221	2 809	2 890
		Number of SMMEs established through Working for Water (WfW) programme	1 442	1 650	1 770	1 970

Table 4: Strategic Priority 3: Ensuring sustainable and equitable water resources management

Strategic Priority 3: Ensuring sustainable and equitable water resources management						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Improve equity in water allocation	Eradicate licence application backlogs	Percentage reduction in licensing backlog	3462 current estimated backlog	100% of all licence backlogs eradicated	0	0
	Allocation of water to Historically Disadvantaged Individuals (HDIs)	Number of water licenses issued per year	200	250	300	250
		Number of new water management areas in which compulsory licensing processes have been completed	0	2	2	3
Ensure sustainable water use	Improve water use efficiency	Revised National Water resources Strategy in place	1st edition NWRS (2004)	2nd edition- NWRS gazetted for public consultation	Implementation of the 2nd edition-NWRS	Review the implementation of the 2nd edition-NWRS
Improve equity in water services and management	Amendment of the water-related legislations	Water Services Amendment Bill gazetted for consultation	First draft completed of the Amendment Bill	Update Draft Amendment Bill and submitted to Cabinet	Public consultation on the Amendment Bill	Amendment Bill submitted to Parliament
		National Water Amendment Bill gazetted for consultation	First draft completed of the Amendment Bill	Update Draft Amendment Bill and submitted to Cabinet	Public consultation on the Amendment Bill	Amendment Bill submitted to Parliament

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Strategic Priority 3: Ensuring sustainable and equitable water resources management						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Protection and improvement of water quality	Ensure the improvement of water quality	Water resources Classifications Regulations classified	Draft water resources classification regulations	Finalise and Implement Water resources Classifications Regulations	Implement Water resources Classifications Regulations	Implement Water resources Classifications Regulations
		Number of Water Management Areas (WMAs) in which water resources have been classified	0	2	2	2
	Implementation of the Waste Discharge Charge System (WDCS)	Number of catchments where WDCS is implemented	0	WDCS implemented in 2 catchments	WDCS implemented in 3 catchments	WDCS implemented in 5 catchments
	Implementation of the river health programmes	Number of river health projects implemented	4	9 projects (one per region)	9 projects (one per regions)	9 projects (one per regions)
	Implementation of the Compliance Monitoring (CM) Programmes	Number of notices issued	29	35	40	55
		Number of directives issued	23	25	30	35
		Number of cases successfully addressed	40	45	50	60
	Reduction in invasive plants cleared through Working for Water Programme	Hectares of land cleared per year	684 777	715 400	889 915	889 915
	Woodlands Restored through Working for Woodlands Programme	Hectares of land converted woodlots per year	990	1655	2050	2050
	Ensure implementation of Integrated Veldt and Forest Fire Management	Number of fires attended to	900	820	900	1 100
		Hectares veldt fires attended to per year	500 000	447 000	484 000	593 000

Strategic Priority 3: Ensuring sustainable and equitable water resources management						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Ensuring adequate information and knowledge to sustainably manage water resources	Provision of water resources information	Number of prioritised catchments optimally monitored	2 catchments optimally monitored	5 priority catchments	5 priority catchments	5 priority catchments

Table 5: Strategic Priority 4: Effective support to local government

Strategic Priority 4: Effective support to local government						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Implementation of the Local Government Turnaround Strategy	Effective Support Provided to all municipalities	Number of municipalities that received support interventions	80	169	169	169
		Total number of municipalities supported in implementing water conservation/ water demand management	80	4	-	-
	Effective participation in Provincial and National Intergovernmental structures	Number of Provincial Indaba action plans implemented	9 Indaba action plans developed	9	9	9

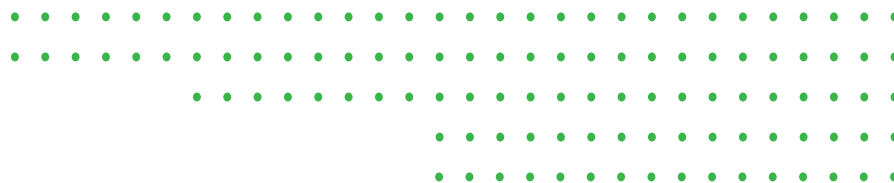
Table 6: Strategic Priority 5: Contribute to global relations

Strategic Priority 5: Contribute to global relations						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Strategic leadership and engagements of the Department in multilateral forums	Provide effective leadership of AMCOW and strategic multilateral forums	Effective function of AMCOW Secretariat	South Africa as current Chair of AMCOW for the next two years.	Strengthening all organs of AMCOW.	Ensure deliverable on all AMCOW initiatives	Nil
Forging strategic relationships with countries in Africa and the world (North- South , South-South)	Supporting PCRD countries to move away from their status	Number of bilateral co-operation agreements with African countries implemented	2 agreements in place	4 (Engagement of 4 Africa bilateral countries- Post Conflict and Reconstruction and Development (PCRD))	4 (Engagement of new Africa bilateral Countries)	4 (Engagement of 4 new Africa bilateral countries)
	Sharing knowledge and expertise on water related issues	Number of multilateral engagements international countries	2 multilateral agreement in place (North-South and South-South)	1 (Engagement on multilateral relations with India, Brasil and South Africa (IBSA))	1 (Engagement on multilateral with European Union)	1 (Engagement on multilateral agreement with China , SA – USA)
Ensure effective implementation of regional cooperation agreements	Provide coordination on regional (Southern African Development Community (SADC) and continental water issues	Level of effectiveness of the functioning of the water structures	Implementation of the SADC Protocol on water	Finalisation of the Memorandum of Understanding (MoU) for the SADC- Hydrological Cycle Observing system (HYCOS) Project Phase III	Establishment of the Groundwater Management Institute of Southern Africa (GIMISA) housed by University of Free State in SA	Ensuring the successful Implementation of the Regional Strategic Action Plan (RSAP II)/ IWRM in RSA.
Ensure support to Water Sector Institutions within SADC	Documentation of best practice case studies	Number of best practice case studies documented	0	3	2	3

Table 7: Strategic Priority 6: Improve the Department's capacity to deliver quality services

Strategic Priority 6: Improve the Department's capacity to deliver quality services						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
To ensure alignment of institutions to meet legislative mandates	Compliance to legislative mandates by institutions	Percentage compliance to legislative requirements by all institutions	100%	100%	100%	100%
Ensure effective organizational performance management	Implementation of an organisation Performance Monitoring and Evaluation System	Automated Organisational Performance Monitoring and Evaluation System in place	Manual system is available	Automated Organisational Performance M&E system developed	Automated Organisational Performance M&E system implemented	Automated Organisational Performance M&E system implemented
	Implementation of the Risk Management framework	Approved Risk management Framework in place and implemented	Draft Framework in place	Risk Management Framework approved and implemented	Risk Management Framework implemented	Risk Management Framework reviewed
	Implementation of the 3 year Internal Audit Strategic Plan as approved by Audit Committee	Percentage implementation of the Internal Audit coverage Plan	50% of the Internal Audit Coverage Plan implemented	100% implementation of the Internal Audit Coverage Plan	100% coverage of the Audit plan	100% coverage of the Audit plan
Improve financial management capacity	Effective implementation of the Financial Improvement Plan	Percentage achievement of milestones as contained in the plan	100% of the milestones implemented	100%	100%	100%
	Improvement of revenue management	Number of days in which debts remain uncollected	120 days	60 days	50 days	30 days
Development of appropriate skills to address the sector needs	Development of graduate trainees for placement into permanent positions through the learning Academy	Percentage of graduate trainees developed and into permanent positions	0	30% of the 2007 intake	35% of the 2007 and 2008 intake	50% of the 2007, 2008 and 2009 intake
		Number of learnerships implemented	86	100 learnerships	120 learnerships	150 learnerships
		Number of internships implemented	128	50 internships	75 internships	100 internships

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Strategic Priority 6: Improve the Department's capacity to deliver quality services						
Strategic Objective	Output (s)	Performance Indicator or measure	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
	Conduct skills gap analysis for the water sector	Report with findings on sector skills gaps produced	0	Conduct sector skills gap analysis and produce a report	Implement interventions based on findings for the sector skills gap report	Implement interventions based on findings for the sector skills gap report
Implementation of Gender and Disability Mainstreaming Programmes	Implement women empowerment projects	Number of women empowerment projects implemented	0	2 projects developed and implemented	3 projects developed and implemented	3 projects developed and implemented
Improved Public Understanding and appreciation of the Value of Water by All South Africans	Implementation of Public Education and Awareness Plan	Number of public education Awareness interventions implemented as per the plan	4	4 interventions	4 interventions	4 Interventions



5 Financing the Plan

The strategic priorities of the Department are executed over the three-year period through specific programmes. For this reason, funds from the National Revenue Fund (NRF) are allocated to specific programmes to give effect to the strategic priorities. Over the strategic plan period, the Department will fund the Strategic Plan from the funds obtained from the National Revenue Fund allocated through the laid Medium Term Expenditure Framework

(MTEF) process. The other funding stream is DONOR funding, which is minimal and will ordinarily be used where there are funding gaps and within the funding agreements entered into with the donor community. Since government operates on a three-year MTEF period basis, the funds allocated for the programmes of the Department are summarised in Table 8.

Table 8: Departmental Budget (Exchequer and Donor Funding)

Description of items	2010/11 R'000	2011/12 R'000	2012/13 R'000
Exchequer funds	7,996,592	9,090,207	9,628,232
Donor Funds	402,794	52,460	0
Total Revenue	8,399,386		
Expenditure			
Recurrent expenditure	4,035,557	4,205,085	4,385,641
Goods and Services - Exchequer Funds	2,466,220	2,955,915	3,173,212
Goods and Services - Donor Funds	402,794	52,460	0
Compensation of employees	1,166,543	1,196,710	1,212,429
Transfers and subsidies	3,238,487	3,076,768	3,455,007
Provinces and municipalities	890,746	380,723	399,760
Departmental agencies and entities	2,102,743	2,400,653	2,623,459
Households	64,426	114,787	251,152
Foreign governments and organisations	180,106	180,111	180,117
Universities and non-profit organization	466	494	519
Payments for capital assets	1,125,342	1,860,814	1,787,584
Buildings and other fixed assets	1,038,326	1,769,218	1,691,779
Biological Assets	342	360	378
Machinery and equipment	74,196	77,931	81,560
Software and intangibles	12,479	13,305	13,867
TOTAL	8,399,386	9,142,667	9,628,232

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Table 9: Exchequer funding over the MTEF (per programme)

Description of items	2010/11 R'000	2011/12 R'000	2012/13 R'000
Administration	884,205	902,119	947,829
Water Management	364,749	386,574	405,853
National Water resources Infrastructure Programme	2,241,418	2,520,177	2,739,959
Regional Management	4,329,013	5,077,318	5,320,451
Water Sector Regulation	177,207	204,019	214,140
TOTAL	7,996,592	9,090,207	9,628,232

Table 10: Donor funding

Description of items	2010/11 R'000	2011/12 R'000	2012/13 R'000
Water and Sanitation services	350,334		-
Water and Sanitation programme	52,460	52,460	
Upgrading of hydrometric equipment in Lesotho	-	-	-
Community water supply and sanitation	7	-	-
Twinning arrangements with Dutch water boards	-	-	-
TOTAL	402,794	52,460	

As shown in Table 10, the donor funding is a small portion of the Department's budget over the MTEF period. The core policy and regulator functions, including infrastructure development and maintenance, are supported by the exchequer budget. An amount of R200 million has been earmarked in the 2010/11 financial year for replacement of core functions currently funded by donors.

Table 11: Water Trading Entity

R thousand	Medium-term estimate R'000		
Statement of financial performance	2010/11	2011/12	2012/13
Revenue			
Non-tax revenue	2,096,334	2,398,566	2,588,179
Sale of goods and services other than capital assets	2,088,334	2,388,566	2,577,379
of which:			
Sales by market establishments	2,056,334	2,354,566	2,540,659
Other sales	32,000	34,000	36,720
Other non-tax revenue	8,000	10,000	10,800
Transfers received	258,741	292,577	307,653
Total revenue	2,355,075	2,691,143	2,895,832

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R thousand	Medium-term estimate R'000		
Statement of financial performance	2010/11	2011/12	2012/13
Expenses			
Current expense	3,639,077	3,932,648	4,256,494
Compensation of employees	774,854	836,842	903,789
Goods and services	1,013,984	1,077,443	1,141,855
Depreciation	1,790,239	1,958,363	2,146,049
Interest, dividends and rent on land	60,000	60,000	64,800
Total expenses	3,639,077	3,932,648	4,256,494
Surplus / (Deficit)	(1,284,001)	(1,241,505)	(1,360,662)
Statement of financial position			
Carrying value of assets	88,462,740	89,605,789	90,059,057
of which: Acquisition of assets	2,483,401	3,101,412	2,599,317
Investments	-	-	-
Inventory	12,000	10,000	10,800
Receivables and prepayments	1,500,000	1,300,000	1,404,000
Cash and cash equivalents	-	-	-
Assets not classified elsewhere	-	-	-
Total assets	89,974,740	90,915,789	91,473,857
Accumulated surplus/deficit	(1,185,265)	(2,426,770)	(3,787,432)
Borrowings	37,006	37,006	39,966
Post-retirement benefits	-	-	-
Trade and other payables	2,160,526	2,297,516	2,137,488
Provisions	95,689	101,430	107,516
Liabilities not classified elsewhere	4,070,911	5,510,245	7,028,743
Total equity and liabilities	89,974,740	90,915,789	91,473,857

6 Asset Management Plan

6.1. Introduction

The Strategic Asset Management Plan (SAMP) highlights how the DWA approaches the management of the built and natural environment to ensure existing assets and potential future assets are managed effectively across their life cycle. The 2010-13 SAMP is to be reviewed annually.

The Department has adopted the philosophy of Total Asset Management (TAM), which provides a framework to manage all assets from an organisational perspective. The key focus areas to manage assets under a TAM framework comprise:

- provide an asset base that matches and supports the business needs of the Department;
- consolidate existing departmental capital assets and optimising asset utilisation;
- meet statutory compliance obligations; and
- align asset operating costs with business planning and service delivery requirements.

Cognisant of this linkage, the SAMP should be viewed as part and parcel of the Strategic Plan. The Department's master plan also guides future infrastructure development and space acquisition. The master plan takes a 10-15 year view of how the Department's and sites will develop in a planned and rational manner to meet the emerging needs of the Department. The master plan does not aim to accurately define building footprints but rather define precincts where departmental activities will be situated to ensure efficient and economic use of land to meet emerging needs. Active management of the property portfolio to meet the needs of the Department is a key aspect of TAM and as such requires consideration of the total costs of property management, including ongoing building and service delivery recurrent costs.

In acquiring an asset, the whole of life costs of an asset are taken into account. This includes procurement, operating and maintenance and disposal costs. An asset

will deteriorate over its life-time. During this process some part or elements of the asset will fail before others. An effective maintenance programme will ensure that the asset is maintained to achieve its full life potential by a preventive maintenance program that preserves and by a corrective programme that restores and replaces the elements which have failed.

An effective maintenance program assists in maintaining the value of an asset during its lifetime, but it will not be able to maintain the asset indefinitely in an 'as new' condition. Maintenance expenditure will increase as elements fail. At the same time, improvements to the asset may be required to meet changed service requirements.

As an asset ages or becomes outmoded, decisions will need to be made as to the cost/benefit of expenditure in maintaining the asset, refurbishing, replacing or disposing. Such decisions must take into account the life cycle costs of the current asset and alternative maintenance solutions.

6.2 Objectives of Total Asset Management

Through the adoption of a total asset management approach the Department will ensure that all physical assets are managed in a consistent manner that best supports the Department's business aims with the optimum utilisation of both its short- and long-term resources.

Total asset management will provide the required informed input that will contribute to making the Department's budget planning cycle and process more effective. The Department's asset management objectives are therefore focused on the following key areas:

- providing an asset base that matches and supports the business needs of the Department;
- consolidating existing departmental capital assets and optimising asset utilisation;

- meeting its statutory compliance obligations; and
- aligning asset operating costs with business planning and service delivery requirements.

To ensure that these objectives are achieved in a structured and systematic way, an asset management framework has been developed that establishes a basis for considering the key issues and relationships between program delivery and assets.

6.3 Service Level Agreements

Delivery of the range of asset management services will be provided under a Service Level Agreement (SLA). A pilot SLA will be prepared in consultation with a nominated stakeholder group and refined for whole-of-department use after an evaluation stage. The SLA will include basic parameters such as the nature of a minimal level of service and guaranteed response times for a given service, based on the agreed maintenance standard for the particular service.

The purpose of the SLA is to document the service provision relationship between AMS and the client/customer and to specify the services and commitments

of AMS as well as the expectations and obligations of the client/customer.

The SLA will include the following:

- the services required to operate and maintain the Department's sites and buildings to agreed standards;
- the level at which the services will be provided including response times, performance criteria, administrative arrangements and any fees which may be attached to the provision of some services;
- the responsibilities of AMS in providing the services; and
- the obligation of clients in using the facilities and services.

6.4 Acquisition Plan

Acquisition plan will be developed in line with the business plan of the Department. The plan will focus on the asset condition of the current assets which is very important as it influences the acquisition, maintenance and disposal plan. The acquisition plan addresses planned additions to assets need to maintain a given level of service rendered by the Department.

Table 12: Asset movement summary (R '000 rounded): Intangible

Asset type	Balance as at 31.03.2009	Additions	disposals	Closing balance 31.03.2013
Computer software	35 377	39 651	6 000	69 028
Patents, Licences, Copyright and Trademarks	-	-	-	-
Services and Operating rights	16 104	-	-	16 104
Other intangibles	1 141	-	-	1 141
TOTAL	52 622	39 651	6 000	86 273

Table 13: Asset movement summary (R '000 rounded): Immovable Tangible

Asset type	Balance as at 31.03.2009	Additions	Disposals	Closing balance 31.03.2013
Building and Other fixed structures	5 043 122	4 499 323	-	9 542 445
Land and subsoil	93 068	No figures	No figures	93 068
TOTAL	5 136 190	4 499 323		9 635 513

Table 14: Asset movement summary (R '000 rounded): Movable Assets

Asset type Machinery and Equipment	Balance as at 31.03.2009	Additions	Disposals	Closing balance 31.03.2013
Machinery and Equipment	618 158	233 687	202 000	649 845
Computer Equipment	-	-	-	-
Furniture and Office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
TOTAL	618 158	233 687	202 000	649 845

Table 15: Asset movement summary (R '000 rounded): Minor Assets

Asset type	Balance as at 31.03.2009	Additions	Disposals	Closing balance 31.03.2013
Machinery and Equipment	618 158	233 687	202 000	649 845
Minor Assets Machinery and Equipment	5 814	4 900	5 000	5 714
TOTAL	5 814	4 900	5 000	5 714

Machinery and equipment movable assets figures include transport assets, computer equipment, furniture and office equipment, and other machinery and equipment. While buildings and other fixed structures comprise of dwellings and non-residential buildings. Office accommodation is excluded here as the Department operates from leased premises.

7 Risk Management Plan

7.1. Introduction

As the Department pursues its mandate over the next three years, it faces an environment characterised by both risks and opportunities. A critical factor in its ability to achieve its priorities and objectives is the state of the service delivery demands placed on public sector organisations. This will entail identifying and managing internal and external risks, and to realise new opportunities. Other strategies being undertaken in response to specific risks include:

The Department seeks to constantly improve its delivery of services, and part of this process requires the identification and mitigation of risk. While there are significant risks in the delivery of our services, the Department has a substantive risk policy. We have put in place mechanisms to identify and assess risks and developed specific mitigating strategies, plans or actions should the need arise; and we also record, monitor and review risks continuously.

The process of identifying risk is integrated within our strategic and business planning processes and is monitored by an Internal Risk Management Committee. The current high level of risks we have identified fall into four categories:

- staff capability;
- organisational capability;
- operational capability; and
- relationship management.

Up until the 2008/09 financial year, the Department prepared an annual risk management plan with a yearly review and update as necessary. The change of structure and the size of the Department have warranted change in its approach to risk management. The Department engaged a Director: Risk Management in 2009/10 who introduced a risk management framework that identifies and assesses risks covering all areas of the departmental activities.

The Department has an Audit Committee comprising of external members and members of its Top Management Committee. The Audit Committee is responsible for

overseeing the activities of the internal audit function and plays an oversight role on risk management issues. The Top Management Committee acts as a Risk Management Committee and is responsible for the management of risks and mitigation thereof. A three-year audit plan programme was developed with its focus to review areas of significant concern to the Department.

The Risk Management Committee undertakes an annual review of risk and updates the mitigation actions. This review will consider any changes to the key risks, to the probability of occurrence and consequences. On a quarterly basis, the Internal Risk Management Committee review the implementation progress of the risk mitigation actions and determine whether there have been any events that affected our assessment of the level of risk.

In relation to our risk management framework, we plan the following management actions for the 2010/11 financial year:

- review the application of our agreed risk management processes, and clarify management accountabilities for risk management; and
- develop a risk measurement framework to measure the effectiveness of the mitigation actions and assist in identifying contingency actions.

7.2. Key risks and mitigation actions

In implementing our risk management framework, we have identified ten key risks to achieve our outcomes. These are listed below, together with their proposed mitigation actions.

Table 16: Top-level risks in the Department

Risk category	Risk description	Root Cause	Action to improve management of risk
Performance Management	Inadequate organisational performance management system	- Inadequate policy guidelines - Inadequate performance reporting against strategic and business plans - Inadequate quality review of performance reports - Inadequate capacity (technical knowledge and skills) - Inadequate linkage to Human Resources ("HR") Performance Management and Development System ("PMDS") - Late reporting by Branches	- Implement approved policy on managing Departmental Performance Information; - Finalise the Framework on Organisational Planning, Performance Monitoring and Evaluation - Continue with the development of an automated M&E system
Reputational Risk	Poor public image	- Media leaks - Poor service delivery - Inadequate communication policy - Inadequate branding	- Implement current communication policy to enhance internal communication and related protocol - Provide media training for Senior Managers.
Human Resources	Inadequate Human Resources (HR) strategy	- Inadequate staff training and development - High staff turnover - Non-adherence to recruitment and selection policy - High vacancy rate - Inadequate Job Descriptions - Failure to disclose financial interests - Non-adherence to leave directive - Lack of succession planning	- Improve staff training and development - Implement retention policy - Maintain a vacancy progress reports and ensure that the structure is fully funded - Consider developing of job evaluation policy.
Budgeting	Inaccurate cash flow projections	- Failure to align funding cycle to project cycle - Inadequate consultation with Branches during budgeting process - Failure to adequately consider historical data - Failure to adequately consider available resources (National Budget) - Unforeseen expenditure after approval of budgets	- Improve alignment of funding cycle to project cycle during budgeting process - Adequate consultation between and within branches need to take place during the budgeting process

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Risk category	Risk description	Root Cause	Action to improve management of risk
Information Technology	Inadequate/ inefficient IT systems	- Inadequate IT skills and capacity - Inappropriate IT technology and infrastructure - Inadequate funding - Inappropriate/ inadequate policies - Inadequate disaster recovery Inadequate logical security - Ineffective management of viruses and network intrusions - Non-monitoring of security breaches - Loss of information stored on c-drives plan - Inadequate physical access control - Insufficient security over laptops	- Conduct an IT skills audit for IT staff and coordinate training with - Coordinate user training at central point and replacement of obsolete technology - Improve awareness and implementation of policies - Review and update Disaster Recovery Policy
Budgeting	Poor communication and monitoring of budget	- Failure to timeously communicate approved budget to Branches - Failure to capture budget accurately and timeously on the financial system - Failure to timeously provide the Branches with monthly budget versus actual expenditure/commitments reports - Failure by Branches to identify significant variances and provide adequate explanations - Failure to ensure corrective action for significant variances is taken timeously - Inadequate segregation between Trading Entity and Main Account Lack of proper implementation of budget process - Economic fluctuations and unexpected disaster affect the work of DWA, water use revenues and other revenues	- Approved budget must be communicated to branches before commencement of financial year - Office of the CFO to follow up on the provision of explanations for significant variances by Branches - Branches to provide reasons for under/over expenditure to the CFO before 15th of each March - Approve and implement the policy document on the linking of functions to either Trading Entity or Main Account - Appoint budget programme managers as budget controllers
Regulating	Ineffective water policies, regulations and guidelines	- Inadequate water policies, regulations and guidelines - Inconsistent Interpretations of policies, regulations and guidelines - External influences - Ineffective implementation and compliance enforcement Inadequate research as a base for formulating policies, regulations and guidelines - Not responding to political priorities	- Influence research agenda - Undertaking specific research to inform regulations - Policies responding to priorities

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Risk category	Risk description	Root Cause	Action to improve management of risk
Performance Management	Failure to effectively manage public entities reporting to DWA	- Poor monitoring and evaluation of Service Level Agreements - Insufficient reporting processes - Non alignment of reporting periods - non alignment of Public Entities strategies to the objectives of DWA.	Enhance the monitoring of public entities and focus on outcomes and not only compliance issues
Project Management	Poor project management	- Poor project planning and budgeting - Inadequate monitoring of adherence to plans, budgets and contracts, particularly during the first quarter after initial payment - Poor quality control - Lack of project management skills - Failure by parties to meet contractual obligations - Non adherence to DWA policies and procedures for project close-out and dormant projects	Look at the possibility of developing a Project Management Governance Frameworks and also establish Project Management Unit
Information Management	Inadequate knowledge and information management	Lack of automated knowledge and information management system	- Automated knowledge and information management system in place - Consider acquiring and implementing automated knowledge and information management system

8 Information and Communication Technology Plan

8.1 Introduction

The Information and Communication Technology (ICT) forms the bedrock of responsive and efficient delivery in the Department. Because of this fact DWA recognises ICT as a key strategic enabler worthy of prominent consideration in the planning and resource allocation processes of the Department.

As an input to the overall strategy, the Department completed the development of a Master Systems Plan (MSP) in September 2008. This MSP is reviewed on an annual basis to ensure that it remains aligned with the overall strategic direction of the Department.

8.2 MSP classifications

The MSP classifies the Department's ICT environment into the following three (3) aspects:

8.2.1 The basic ICT Infrastructure

The basic infrastructure consists of the physical infrastructure (server rooms), hardware (servers and workstations) and the network. The MSP emphasises the continual maintenance and continual refurbishment of the basic ICT infrastructure. Although not directly and immediately linked to the core work, and therefore strategic direction, of the Department, the health of the basic ICT infrastructure is vital for the continued capability of the core functional areas to perform their work.

8.2.2 Core departmental business applications

The core departmental business applications are the software used to automate and support the transactional and analytical work of the core functional areas of the Department. These business applications are used directly

to perform the core work and are thus responsible for the achievement of the strategic goals of the Department. A number of key applications already exist; however there is still need for more to be developed. The MSP emphasises the maintenance and support of the existing core departmental business applications as well as the development of new ones in areas where the need exists.

8.2.3 Departmental support applications

These applications are the software used to automate and support the internal administrative work of the support areas within the Department. The MSP noted a huge gap in the development of support applications within the Department. It then recommended a concerted development effort to be embarked upon.

The implementation of the MSP initiatives is phased-in according to the departmental strategic imperatives. These strategic imperatives drive the distribution of resources within the Department over time. In its distribution of the resources over time, the Department will ensure that the implementation of MSP initiatives will be catered for.

9 Service Delivery Improvement Plan

Table 17: Key services and standards

Key services	Service beneficiaries	Current standards and linkage to Batho Pele principles	Desired standards
Support to municipalities in case of water related emergency situations	Municipalities government SALGA COGTA Public	Access 70% of all requests responded to adequately	Respond to 90% of all requests for advice and/or support to municipalities in dealing with emergency incidents related to water supply within 24 hours
Access authorisations to dams for recreational purposes	Public	Access Demand Driven	Ensure equitable access to state dams for recreational purposes taking into account safety requirements and zoning of dams for specific activities
Issuing licenses: Water	Farmers, Mines, Forestry, Property Developers, Municipalities, Water Boards and Industries.	Access Demand Driven, sometimes more than two years	Approve/decline 80% of water use license applications within 120 days from date of receipt.
Optimal operations and maintenance of water resources infrastructure	Water users	Access Few infrastructure maintained according to standard	More infrastructure maintained according to standard
Upgrading and development of new water resources infrastructure for water security and availability	Communities	Access Limited water storage capacity for water security and availability for socio-economic development single purpose dams	Access Increase water storage capacity for water security and availability for socio-economic development . Transformation of single dams into multi-purpose dams for community beneficiation
Answer calls to the department within 5 – rings	Internal and external clients	Access Answer 65% calls to the department within 5 – ring	Access Answer 95% of calls to the department within 5 – rings
Activate 100% of all staff voicemail facilities when unable to answer the call		Access Efficiency Activate 80% all staff voicemail facilities when unable to answer the call	Access Efficiency Activate 100% all staff voicemail facilities when unable to answer the call
Reply to 80% of complaints/ queries done via e-mail and voicemails within 48 hours	Internal and external clients	Efficiency Reply to 60% of complaints/ queries done via e-mail and voicemails within 48 hours	Efficiency Reply to 80% of complaints/queries done via e-mail and voicemails within 48 hours
Procurement of goods and services through quotation method	Line functions at head office	Efficiency Accessibility to clients It takes about 4- 6 weeks for procurement through the Quotation method because this process is decentralised	Efficiency Accessibility to clients Procurement of goods should be within 2 – 3 weeks through the quotation method. Three days through warehouse.
Payment of all invoices within 30 days of receipt	Service providers and creditors	Pay 70% of all invoices within 30 working days on receipt of correctly completed invoices	Pay 90% of all invoices within 30 working days on receipt of correctly completed invoices

SECTION B

Performance Plan for the Water Trading Entity



10 Background and purpose of the Water Trading Entity

10.1 Purpose

The Water Trading Entity (WTE) was first established as a Water and Equipment Trading Account which was then approved in 1983 through Circular SY3/6/B under the Exchequer Act, 1975 (Act No. 66 of 1975) as amended, and was subsequently amended by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended, which converted it into a Water Trading Entity. Under the PFMA, 1999 the WTE was required to change from cash-based accounting to accrual-based accounting.

In terms of the National Water Act, 1998 (Act No. 36 of 1998), the Department is responsible for the regulation of water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest, and it is also required to create a register of all

water users in the country. The Act makes provision for cost recovery on services rendered by DWA to water users. It is against this background that the Department created the Water Trading Entity within its administration. It has been operating as an integral part of the Department with very limited segregation of functions from the Department's Main Exchequer Account. The accountability for its functioning is vested in the Director-General of the Department of Water Affairs who acts as its accounting officer. The funding of its activities comes from the Department's equitable share as a transfer and through revenue collection from the various water schemes operated throughout the country.

Its main functions relate to the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas. It is the goal of the WTE management to achieve

financial sustainability and independence to reduce reliance on the fiscus for each of the components below. The Entity has three main objectives, which are classing as trading accounts as follows:

10.1.1 Trading Account 1: Integrated Water Resources Management

This trading account covers specifically water resources management functions. The integrated water management activities are geared towards ensuring that water resources in those areas are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of the people residing in the relevant water management areas. Key focal areas include integrated water resources quality, control and authorisation of water use, and promotion of water conservation measures.

Currently there are those water management areas for which the Entity is the responsible authority, pending the delegation of functions to legislatively constituted Catchment Management Agencies. The activities underlying this function are funded mainly through water resources management charges.

Through trading account 1, water resources will be managed within water management areas to achieve improvement in resource protection, catchment management, water use and support to established catchment management agencies. Through trading accounts 2 and 3, water resources infrastructure is developed, operated and maintained in terms of best accepted practices that embrace enterprise-wide risk and asset management and optimal revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability.

10.1.2 Trading Account 2: Integrated water resources systems

This function is charged with the responsibility of developing, managing, operating and maintaining water supply schemes as integrated water resources systems. This includes transfer schemes that ensure meeting water demands by transferring water from water rich areas within and between water management areas. An example of this is the Vaal River system where a number of dams and pipelines are operated as one inter-linked system. The activities underlying this function are funded mainly through a consumptive water use charges.

10.1.3 Trading Account 3: Bulk Water Supply

This function deals with water resources schemes operated as stand-alone schemes and do not form parts of an integrated water resources system. The supply of water is in bulk to different water user groups, but the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water related services, most in bulk.

Through trading account 1, water resources will be managed within water management areas to achieve improvement in resource protection, catchment management, water use and support to established catchment management agencies. Through trading accounts 2 and 3, water resources infrastructure is developed, operated and maintained in terms of best accepted practices that embrace enterprise-wide risk and asset management and optimal revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability.

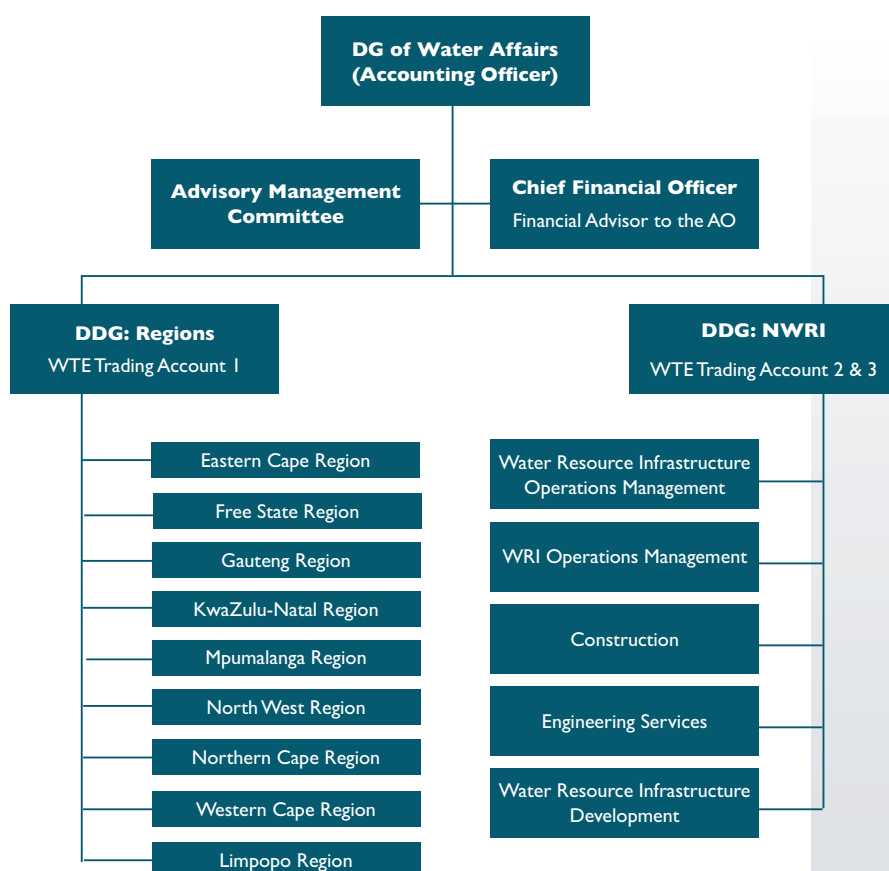
10.2 Organisational arrangements with in the Water Trading Entity

Figure represents the organisational arrangement of the Water Trading Entity. Given the fact that the Entity operates within the Department and does not have its own accounting officer, arrangements have been made

to ensure that the responsibilities to deliver services are shared by different branches within the Department. However, the PFMA requires that a structure such, as the WTE must be distinctly operate to ensure full accountability for integrated water resources management, integrated water resources systems and bulk water supply.

The organisational arrangement within the Water Trading Entity is explained in the form of the figure below:

Figure 1: Organisational arrangements within the Water Trading Entity



10.3 Infrastructure Delivery Programme

The Water Trading Entity had through the years implemented various infrastructure projects in the following ways:

Table 18: Projects under construction during 2009-2012

Project Description	Completion Period	Budget R'000
1) Augmentation of Eastern Vaal Subsystem (VRESAP Pipeline) (Gauteng/Mpumalanga)	2010	2,6 billion
2) Luvuvhu River GWS: Nandoni Water Treatment Works (Limpopo)	2010	295 million
3) Olifants River Water resources Development Project Phase I: De Hoop Dam (Limpopo)	2012	2,6 billion
4) Luvuvhu River GWS: Bulk Distribution Works (Limpopo)	2012	530 million
5) Sabie River Government Water Scheme: • Inyaka Water Treatment Works (Mpumalanga): • Inyaka PH 2 Comp 2008 • Inyaka PH 3 Comp 2010 • Inyaka PH 4 Comp 2012	2012 2008 2010 2012	283 million

Table 19: Projects to commence during 2010-2015

Project Description	Completion	Budget R'000
1) Raising of the Clanwilliam Dam	2014	R1.2 billion
2) Spring Grove Dam	2013/2014	R1.5 billion*
3) Olifants River Water Resources Development Project Phase 2b-h: Water Distribution Network (Limpopo)	2012/2013	R7 billion*
4) Raising of the Hazelmere dam	2011/2012	R100 million
5) Construction of the Nwamitwa dam	2012	R1.1 billion
6) Komati Abstraction Water Project	2011/2012	R2 billion*
7) Rehabilitation of the Vlakfontein Canal	2011	R500 million
8) Lesotho Highlands Water development Project	2019/2020	R7.3 billion*
9) Mokolo-Crocodile Water Augmentation Project	2015	R10.1 billion^
10) Vioolsdrift water abstraction works	2015	R1.4 billion
11) Mzimvubu Water Resources Project: • Pre-feasibility • Feasibility • Design • Construction	2012 2014 2016 2020	R20 million
12) Dam Safety Rehabilitation Program		R2.1 Billion

* *Third Party Funding – Private Sector*

^ *Dual Funding – DWA & Private Sector*

10.4 Strategic priorities and objectives

Table 20: Strategic priorities and objectives

Strategic priorities	Strategic objectives
1) Contribution to economic growth and social development	- Development, maintenance, rehabilitation and refurbishment of bulk water infrastructure - Effective creation of decent employment through infrastructure delivery - Promotion of Small Medium Micro Enterprises (SMMEs) through procurement of goods and services
2) Ensuring sustainable and equitable water resources management in all water management areas	- To provide monitoring and assessing water resources availability and use - To improve water use allocations - Establish appropriate water related institutions development

10.5 Detailed Performance Plan

Table 21: Strategic Priority: Contribution to economic growth and social development

Strategic Priority: Contribution to economic growth and social development						
Strategic Objectives	Outputs	Performance Indicators or measures	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
Development, maintenance, rehabilitation and refurbishment of bulk water infrastructure	Implementation of new bulk water infrastructure to meet social water needs, economic growth and development	Percentage completion of the project as per project plan	De Hoop Dam 44% complete	De Hoop Dam 73% complete	De Hoop Dam 91% complete	De Hoop Dam 100% complete
		Percentage completion of the project as per project plan	Nandoni Water Treatment Works 95% complete	Nandoni Water Treatment Works 100% complete	-	-
		Percentage completion of the project as per project plan	Nandoni Distribution 38% complete	Nandoni Distribution 51 % complete	Nandoni Distribution 65% complete	Nandoni Distribution 76% complete

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Strategic Priority: Contribution to economic growth and social development						
Strategic Objectives	Outputs	Performance Indicators or measures	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
		Percentage completion on construction of Nandoni water distribution network and water treatment works	96%	100%	-	-
		Percentage completion of the project as per project plan	Inyaka Water Treatment Works 62% complete	Inyaka Water Treatment Works 81% complete	Inyaka Water Treatment Works 98% complete	Inyaka Water Treatment Works 100% complete
		Percentage completion on construction of Inyaka water treatment works	59%	84%	100%	-
		Percentage completion of the project as per project plan	Hluhluwe Regional Water Scheme 67% complete	Hluhluwe Regional Water Scheme 87% complete	Hluhluwe Regional Water Scheme 100% complete	-
		Percentage completion on construction of Hluhluwe regional water scheme	61%	90%	100%	-
		Percentage completion of the project as per project plan	Mdloti River Development (Raising of Hazelmere dam) 5% complete	Mdloti River Development (Raising of Hazelmere Dam) 40% complete	Mdloti River Development (Raising of Hazelmere Dam) 90% complete	Mdloti River Development (Raising of Hazelmere Dam) 100% complete
		Percentage completion of the project as per project plan	Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) 5% complete	Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) 10%complete	Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) 24% complete	Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) 49 % complete

Strategic Priority: Contribution to economic growth and social development						
Strategic Objectives	Outputs	Performance Indicators or measures	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
		Percentage completion of the project as per project plan	Olifantsdoring RWRP (Raising of Clanwilliam Dam) 0% complete	Olifantsdoring RWRP (Raising of Clanwilliam Dam) 5 % complete	Olifantsdoring RWRP (Raising of Clanwilliam Dam). 15% complete	Olifantsdoring RWRP (Raising of Clanwilliam Dam) 40% complete
Development, maintenance, rehabilitation and refurbishment of bulk water infrastructure	Rehabilitation of Dams to meet Dam Safety Requirements	Percentage expenditure and number of dams in Construction Phase.	12% budget expenditure on planned projects (22 dams)	21% budget expenditure on planned projects (29 Dams)	60% budget expenditure on planned projects (36 Dams)	80% budget expenditure on planned projects (40 dams)
	Supply of Water to users	Percentage level of assurance of supply	100% compliance to levels of assurance of supply for different user group	100% Level of assurance of supply for different user group	100% Level of assurance of supply for different user group	100% Level of assurance of supply for different user group
	Maintenance of infrastructure as per maintenance plan and procedures required to ensure infrastructure availability.	Percentage infrastructure availability	70% availability	80% availability	90% availability	90% availability
		Maintain infrastructure according to maintenance plan	65% Planned work completed	70%	80%	90%
	Resources Management Plans (RMPs) developed	Number of RMPs completed	Nil	Compile RMP implementation Action plan for NWRI only	Gazette 4 RMPs	Gazette 4 RMPs
	Existing RMPs implemented	Number of existing RMPs implemented	Nil	RMP operational within 12 months	RMP operational within 12 months	RMP operational within 12 months
	Water schemes rehabilitated and refurbished	% of infrastructure that meets the original design requirements	50% of Infrastructure meet original design requirements	60%	60%	70%
	Dam safety rehabilitation programme	Number of dams rehabilitated	24 dams rehabilitated	0 dams rehabilitated	3 dams rehabilitated	3 dams rehabilitated

Strategic Priority: Contribution to economic growth and social development						
Strategic Objectives	Outputs	Performance Indicators or measures	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
		Number of dams under construction	7 dams under construction	1 dam under construction	2 dams under construction	2 dams under construction
		Number of dams in design phase	14 dams in design phase	1 dam	1 dams	3 dams
	Strategy for the conversion of single to multi-purpose dams developed	Strategy for the conversion of single to multi-purpose dams developed	Nil	Approved strategy	Approved strategy	Approved strategy
Effective creation of decent employment through infrastructure delivery	Creation of decent jobs and ensures appropriate training of employees.	Number of decent jobs created	4368	220	230	240
Promotion of SMMEs through procurement of goods and services	Budget spend on BEE and SMMEs	Percentage of contract value awarded to SMMEs and BEE enterprises	BBBEE Strategy approved	50%	55%	60%

Table 22: Strategic priority: Ensuring sustainable and equitable water resources management in all water management areas

Strategic priority: Ensuring sustainable and equitable water resources management in all water management areas						
Strategic Objectives	Output (s)	Performance Indicator	Baseline information	Performance Targets		
				2010/11	2011/12	2012/13
To provide monitoring and assessing water resources availability and use	Implementation of hydrology and Geo hydrology monitoring systems and water quality monitoring	Number of operational monitoring programmes implemented	11	15	20	25
		Number of sampling points monitored	100	104	104	105

11 Financing the WTE Plan

11.1 Financing the Water Trading Entity

The funding for all the present activities of the Water Trading Entity (WTE) is provided for by the National Water Act, 1988 (Act No. 36 of 1998) which makes provision for the following funding revenue streams.

11.2 Revenue from Raw Water Charges

The major cost drivers of the pricing strategy, at full economic cost recovery, are the return on assets (ROA) for betterment (54 %) followed by operations and maintenance costs (28 %) and then depreciation for refurbishment (18 %). The WTE undertook and completed a bulk raw water infrastructure project (Sakhile) in terms of which a comprehensive assessment was done of all national and non-national water resources infrastructure assets as to condition and resultant depreciated replacement cost values based on international best practice. The more detailed and accurate componentisation of the schemes resulted in an increase in depreciated replacement cost from R38 billion to R57.5 billion for ROA purposes, that is 51 % increase. These new values are then further increased by PPI annually to arrive at the projected values for the purposes of calculating the raw water charges.

The implementation of the efficiency drive project aims to ensure that all water users are registered and billed for such water use and that the amounts billed are collected within standard terms of trade.

11.3 Funding of NWRI support functions by Main Account

NWRI management and support functions costs which cannot be capitalised and/or recovered from water users funded by transfer payments from the Main Account.

11.4 Funding of Catchment Management Agencies by Main Account

Water resources management functions which are not recoverable in terms of the water charge provisions of the pricing strategy are also funded by the Main Account. The implementation of the waste discharges revenue stream over the next two years will reduce the current level of grants payable to the CMAs.

Funding of development costs of NWRI assets (raw water facilities) also done by Main Account

The funding of the social component of raw water infrastructure is sourced through the Main Account budget from the National Revenue Fund. In addition to this, funds are also sourced from the National Revenue Fund to fund dam safety and rehabilitation programmes. Spending on all these projects is dependent on the funds made available by the Exchequer.

The shortfall in betterment, refurbishment and rehabilitation funding of existing schemes, arising from the capping and exemption provisions of the pricing strategy mentioned above, will also be addressed through the above processes.

Table 23: Water Trading Entity revenue and expenditure estimates

R thousand	Revised estimate	Medium-term estimate		
Statement of financial performance	2009/10	2010/11	2011/12	2012/13
	R'000	R'000	R'000	R'000
Revenue	1,748,524	1,949,123	2,240,922	2,420,196
Other Revenue	137,143	147,211	157,644	167,983
<i>Transfer Received</i>	219,835	258,741	292,577	307,653
Total revenue	2,105,502	2,355,075	2,691,143	2,895,832
Expenses				
Compensation of employees	717,457	774,854	836,842	903,789
Goods and services	938,095	1,013,984	1,077,443	1,141,855
Depreciation	1,635,127	1,790,239	1,958,363	2,146,049
Interest, dividends and rent on land	70,000	60,000	60,000	64,800
Total expenses	3,360,679	3,639,077	3,932,648	4,256,494
Surplus / (Deficit)	(1,255,177)	(1,284,001)	(1,241,505)	(1,360,662)
Capital payments	1,886,639	1,685,436	1,906,175	2,091,637
Refurbishment and betterment programme	525,101	556,607	590,004	625,404

The above amounts have been included in the consolidated financing plan shown in Table 11. Other departmental receipts from sale of moveable assets and sales of scrap and other current used goods are reflected in part 5 as a minor source of acquisition of moveable asset financing

12 Asset Management Plan

12.1 Introduction

By international standards, South Africa requires intensive bulk water infrastructure due to low seasonal rainfall and the relative scarcity of water resources. The effective management of the Department's bulk water infrastructure is critical, given the size of the investment made to create the infrastructure, the long lives of the key assets and the importance of the contribution these assets make to the social, economic and environmental well-being of the nation. In addition, the Department has a water sector leadership role which it wishes to maintain in the discipline of infrastructure asset management.

The Department has adopted an asset management policy, the goal of which is to manage, and demonstrate success in managing its immovable assets in a way that promotes government's objectives. These are:

- promoting accountability, fairness and transparency within government;
- promoting effective, efficient and economic use of immovable assets;
- reducing the over cost of service delivery;
- reducing demand for immovable assets;

- supporting government's socio-economic objectives, including land reform, economic empowerment, poverty alleviation, job creation, and the redistribution of wealth;
- realising the best value for money from the disposal of immovable assets;
- increasing opportunities for partnering with the private sector;
- protecting the environment and our diverse cultural and historic heritage;
- improving health and safety in the working environment; and
- promoting financial sustainability.

12.2 Objectives

Against the stated asset management policy objectives, the DWA's key asset management objectives and outputs are summarised in Table 24 below:

Table 24: Asset Management Objectives, Outputs and Measures

Objective	Output	Measure
Social Equity	Service delivery	- Supply water according to prescribed bulk supply agreements - Service performance reporting
	Community benefits	All capital projects approved in accordance with adopted multi-criteria analysis process.
Socio-economic development	Service delivery	- Supply water according to prescribed bulk supply agreements - Service performance reporting
	Risk management	Sound risk management practices
	Protection of public safety and property.	- Dam Safety Assurance - Emergency preparedness
	Drought management	Implementation of drought management guidelines
	Water quality	Water quality meets legislation and agreed standards
Financial Sustainability	Maintenance of Water resources Infrastructure	Maintenance in accordance with maintenance manuals
	Rehabilitation of Water resources Infrastructure	Implementation of Dam Safety and Infrastructure Asset Management Plan rehabilitation programmes
	Development of Water resources Infrastructure	Implementation of capital investment plan
	Financial sustainability	Achievement of financial sustainability indicators
Environmental Management	Environmental legislative compliance	Compliance with statutory and regulatory requirements
	Water conservation	Water conservation planning and plan implementation
	Water use efficiency	Control of authorised water usage and system water losses
	Ecological reserve	Periodic assessment of the required reserve
	Protection of resource against degradation and pollution	Waste Discharge Charging System (WDCS)
Implementation, Review and Continuous Improvement	Strategic Infrastructure Asset Management	According to latest Infrastructure Asset Management Plan
	Infrastructure Asset Management Performance	Quality of implementing infrastructure asset management processes identified in the practices improvement plan.
	Legal compliance	Compliance with Government-wide Immoveable Asset Management Act

12.3 Overview of the infrastructure assets

In delivering bulk water to users, the WTE operates 264 schemes across the country. Existing infrastructure comprises mainly dams, canals, pipelines, tunnels and measuring facilities with a replacement value (excluding land) of some R123 billion and a current value of R59

billion, depreciating at some R1.4 billion per year. The value of the land controlled by DWA in terms of the National Water Act, 1995 (Act No. 36 of 1995) is some R28 billion.

The expected life of infrastructure has been attributed at component level and ranges from 10 years (for some small motors) through to 300 years (for some dam walls). The infrastructure portfolio is aging, with over 75% constructed

in the period 1960 to 1990, whilst some is over 100 years old. The focus of rehabilitation and betterment is on the assets constructed before 1990.

12.3.1 Financing life-cycle needs

The following is a summary of the key life-cycle programs required:

- **Operations and maintenance programmes** designed to utilise and maintain assets over their service life.
- **Renewal programmes** (“refurbishment” for electrical and mechanical infrastructure and “rehabilitation” for civil infrastructure) designed to reinstate the service potential of assets at the end of their service life. The need for these programmes is informed by condition and performance data, and interventions ranked on the basis of risk exposure. In view of the potentially high impact of the failure of dam walls, their assessment is a statutory requirement.
- **Upgrading programmes** (“betterment” projects) designed to extend or enhance the performance of existing infrastructure. The need for these programmes is identified through an analysis of current and future demand and the capacity of existing infrastructure.
- **Capital development** (“mega” projects or “off-balance sheet” projects depending on the funding mechanism) designed to provide new services. These programmes are informed by water resources planning studies and options analyses. Funding for life-cycle management purposes is derived from two main sources, as follows:
- **Customers** – tariffs have been structured on the principle that customers pay for the life-cycle costs associated with the specific schemes (or elements thereof) from which they benefit – this is structured in the form of pro-rata payment of actual operations and maintenance costs, plus consumption of the assets (in form of straight line depreciation of the infrastructure

which is periodically re-valued). An additional element of the tariffs makes provision for the cost of capital – in the case of government-funded schemes this represents the social opportunity cost, and for schemes funded from the private sector, it is the actual cost of capital from lenders.

- **National Treasury** – central government provides augmentation funding to cater for operational activities not recoverable from customers (such as departmental overheads, regulatory control functions, long-term planning and studies) and, since DWA does not hold capital reserves, funds are provided for approved capital projects (large projects are typically ring-fenced, others may not be ring-fenced).

12.3.2 Financial forecasts

- Tables 24.1 to 24.3 illustrate the anticipated movement in assets over the report period based on the latest estimates.
- Depreciation in the period is not shown.
- Provision for new construction includes significant projects that are planned to be funded off-budget through loans.
- Provision for asset disposals is made based on candidates for potential asset transfers to other entities such as municipalities or WUAs. No provision is made for possible inward transfer of assets. This is based on current policy but these transactions may be influenced by the outcomes of the Institutional Re-alignment initiative.
- Candidate assets for de-commissioning have been identified based on lack of use.

Table 24.1: Asset movement summary (R '000 rounded): Infrastructure Assets

Asset Class	Balance as at 01 April 2009	Additions	Disposals	Closing balance March 2013
Land	28,068,191,000	200,000,000	100,000,000	28,168,191,000
Buildings	920,011,218	132,300,000	20,000,000	1,032,311,218
Canals	9,783,679,596	1,720,470,742	40,000,000	11,464,150,338
Dams and weirs	32,493,769,537	6,270,709,256	400,000,000	38,364,478,793
Measuring facilities	2,675,025,430	57,800,000	0	2,732,825,430
Pipelines	3,298,999,948	15,393,010,000	3,000,000	18,689,009,948
Pump stations	760,774,770	259,865,727	0	1,020,640,497
Reservoirs	266,003,673	400,000	0	266,403,673
Treatment works	40,665,803	203,400,000	530,000	243,535,803
Tunnels	6,805,677,160	18,500,000	54,800,000	6,769,377,160
Other	31,713,645	181,400,000	1,200,000	211,913,645
Total	85,144,511,780	24,437,855,725	619,530,000	108,962,837,505

Table 24.2: Asset movement summary (R '000 rounded): Movable Assets

Asset Class	Balance as at March 2009	ADDITIONS		DISPOSALS		Closing balance March 2013
		Additions Trading Account I	Additions NWRI	Disposals Trading Account I	Disposals NWRI	
Equipment	473 000 000	25 000 000	260 000 000	5 000 000	20 800 000	732 200 000
Furniture & fittings	30 000 000	10 000 000	24 000 000	700 000	1 150 000	62 150 000
Computer Equipment	15 000 000	5 000 000	8 000 000	1 300 000	1 050 000	25 650 000
Software	7 000 000	0	130 000 000	0	0	137 000 000
Total	525 000 000	40 000 000	422 000 000	7 000 000	23 000 000	957 000 000

Table 24.3: Asset Acquisitions - capital renewal, upgrading and new infrastructure
(R '000 – rounded)

Asset Class	2010/11		2011/12		2012/13		Total	
Funding Source	DWA	Off-Budg	DWA	Off-Budg	DWA	Off-Budg	DWA	Off-Budg
Land (estimated)			100,000,000		100,000,000		200,000,000	0
Buildings	56,800,000		44,200,000		31,300,000		132,300,000	0
Canals	559,465,742		455,155,000		705,850,000		1,720,470,742	0
Dams and weirs	577,121,256	1,039,000,000	1,168,778,000	910,000,000	904,810,000	1,671,000,000	2,650,709,256	3,620,000,000
Measuring facilities	15,000,000		19,000,000		23,800,000		57,800,000	0
Pipelines	436,880,000	2,613,000,000	819,630,000	6,269,000,000	1,013,500,000	4,241,000,000	2,270,010,000	13,123,000,000
Pump stations	103,265,727		120,400,000		31,200,000	5,000,000	254,865,727	5,000,000
Reservoirs	100,000		300,000		0		400,000	0
Treatment works	101,500,000		101,200,000		700,000		203,400,000	0
Tunnels	6,000,000		7,500,000		5,000,000		18,500,000	0
Other	68,650,000		89,050,000		23,700,000		181,400,000	0
Total	1,924,782,725	3,652,000,000	2,925,213,000	7,179,000,000	2,839,860,000	5,917,000,000	7,689,855,725	16,748,000,000

Table 24.4: Asset Acquisitions – Moveable Assets (R '000 – rounded)

Asset type	2010-11		2011-12		2012-13		TOTAL
	NWRI	Trading Account I	NWRI	Trading Account I	NWRI	Trading Account I	
Equipment	90 000 000	10 000 000	90 000 000	5 000 000	80 000 000	10 000 000	285 000 000
Furniture & fittings	10 000 000	5 000 000	6 000 000	2 000 000	8 000 000	3 000 000	34 000 000
Computer Equipment	3 000 000	3 000 000	2 000 000	1 000 000	3 000 000	1 000 000	13 000 000
Software	130 000 000	0	0	0	0	0	130 000 000
Total	233 000 000	18 000 000	98 000 000	8 000 000	91 000 000	14 000 000	462 000 000

Table 24.5: Asset Disposal (R '000 – rounded) Infrastructure Assets

Asset Class	2010/11		2011/12		2012/13		Total	
	Decomm	Transfer	Decomm	Transfer	Decomm	Transfer	Decomm	Transfer
Land (estimated)	0	0	0	50,000,000	0	50,000,000	0	100,000,000
Buildings	0	0	10,000,000	0	10,000,000	0	20,000,000	0
Canals	0	0	20,000,000	0	20,000,000	0	40,000,000	0
Dams and weirs	0	0	40,000,000	160,000,000	40,000,000	160,000,000	80,000,000	320,000,000
Measuring facilities	0	0	0	0	0	0	0	0
Pipelines	0	0	0	0	3,000,000	0	3,000,000	0
Pump stations	0	0	0	0	0	0	0	0
Reservoirs	0	0	0	0	0	0	0	0
Treatment works	0	0	0	530,000	0	0	0	530,000
Tunnels	0	0	0	0	54,800,000	0	54,800,000	0
Other	0	0	1,200,000	0	0	0	1,200,000	0
Total	0	0	71,200,000	210,530,000	127,800,000	210,000,000	199,000,000	420,530,000

Table 24.6: Asset disposal (2010-2013) Movable Assets

Asset type	2010-11		2011-12		2012-13		TOTAL
	NWRI	Trading Account I	NWRI	Trading Account I	NWRI	Trading Account I	
Equipment	5 00 000	1 000 000	12 800 000	1 700 0000	3 000 000	2 300 000	25 800 000
Furniture & fittings	600 000	450 000	0	0	550 000	250 000	1 850 000
Computer Equipment	400 000	550 000	200 000	300 000	450 000	450 000	2 350 000
Software	0	0	0	0	0	0	0
Total	6 000 000	2 000 000	13 000 000	2 000 000	4 000 000	3 000 000	30 000 000

13 Information and Communication Technology Plan

13.1 Introduction

In order to understand the human, information, and functional needs of the trading entity an approach called master systems planning (MSP) is used. The overall project objective of the MSP is to provide an appropriate and stable platform to:

- Strengthen, effectively manage and implement the WTE's
- Planning process.
- Assist with the co-ordination and future planning of the functions, particularly service delivery.
- Improve revenue collection.
- Improve the effective management of the assets.
- Improved utilization of the human resources.
- Facilitate accurate and timeouts statistical and performance management reporting for all levels within the Entity and also reporting required for customers and external stakeholders
- Facilitate improved access to electronic based data resources and communication systems.

13.2 ICT Infrastructure Services

The following ICT improvement opportunities have been identified:

- Implement rack mounted servers – the server infrastructure should be upgraded to rack mounted or blade servers, to reduce cost, cable clutter, fire hazard, manageability, and flexibility.
- Consolidate Servers – Once the servers have been upgraded, all applications should be consolidated, and the number of servers reduced. Vendor applications can all be run off the same servers. The trading entity's service provider should be able to remotely manage and configure these servers.
- Upgrade or Outsource Server Room Infrastructure - The computer room should ideally adhere to best-practice standards and have amongst others access

control, temperature control, raised flooring, static protection etc.

- Implement ADSL for Internet Access - The current bandwidth for external connectivity is extremely slow and should be upgraded to accommodate email and internet connectivity and also prepaid updates.

13.3 E-Government Services in WTE

E-Government services are effectively normal services provided through e-channels such as internet/email, telephones, and computers. Following are the key e-Government services that the Entity should implement as part of their MSP:

- Train all managers in budgeting and financial basics – in order to improve the adoption of the financial system in the WTE, all managers should do their WTE's budget, and financial analysis on the system Applications Products (SAP). This may require additional training.
- Implement Business Planning Information Management System - The trading entity is required to establish and manage an internal Business Planning system. The system should be capable of planning, prioritising, and tracking progress on Strategic Planning initiatives. This should be linked to budgeting and project management systems in order to evaluate progress and performance management.
- Roll out access to TRIM to all managers – Information from TRIM should be made available in paper format, or by providing shared PCs for staff that do not have their own. Minutes, regulations, and public notices should be reproduced free of charge from TRIM, and made available to the public.
- Deploy services to remote areas by using ICTs – ICTs such as Citrix, TRIM, SAMRAS, GEO Reality & Trafman should be deployed to outlying service offices such as Tulbagh, Wolseley, PA, in order to provide the staff at these offices with the tools to answer all types of queries, not just financial ones.

- Implement a central Information contact centre - Implement a central contact centre integrated with TRIM for emergency services and service requests/complaints. This should allow for all public calls, information, service request, enquiries, emergencies etc. to be logged and handled. This does not mean that calls are just logged and forwarded. Agents should be able to answer all reasonable municipal queries as a first line contact centre. More complicated requests should be forwarded to the relevant people. All requests should be logged, and allocated in TRIM.

13.4 Platform Services

The WTE's ICT infrastructure is critical to the successful delivery of service. Currently the DWA servers run on HP, SUN SPARC (Head Office and Regions) and SUN workstations in Regions; and operating systems on MS Windows Server 2003 (R2), MS XP Professional for desktops, Vista Business Edition, Sun Solaris 10 and Linux Fre BSB (both at Head Office and Regions). Different DBMS are supported on the servers. The support of a large roll-out of servers with different software versions and types makes it difficult to maintain availability levels and contain cost. Based on this MSP, the WTE will seek to investigate and implement server consolidation in an effort to simplify the current deployment and diversity of hardware and software. DWA should standardise on server operating systems and database management systems (DBMS) deployed.

The geographic information system (GIS) extension will develop an enterprise-wide GIS system that allows officials and members of the public to access and integrate GIS data across all DWA's branches and statutory bodies.

The GIS rollout initiative will include the following functionalities:

- Providing, maintaining and managing the information infrastructure (hardware and software) for the enterprise GIS.
- Capturing and maintaining geographic data, especially those data sets for which DWA is custodian.
- Purchasing and/or acquiring geographic data to support DWA's strategic business areas.
- Managing and integration of geographic information in distributed repositories.
- Geographic data analysis including the production of maps, the ability to do spatial analysis and modeling.
- Providing access to geographic data to internal and external stakeholders through an Internet and Intranet GIS portal.
- Setting and maintaining GIS standards and protocols.
- Providing general GIS support.

13.5 Integrating Financial Management and Operations

WTE has made a significant investment in Enterprise Resource Planning (ERP) in the form of the SAP system that is operational. The key challenge for the WTE is to consolidate this investment, and extend the functionality of the SAP systems to cover additional crucial areas of the WTE. The WTE is upgrading to the new SAP technology platform with additional functionality specific to the SAP Utilities module. By default the SAP Enterprise portal is a prerequisite with the upgrade.

The WTE is currently assessing the status of SAP implementation and making recommendations regarding measures to improve its effectiveness. Based on these recommendations, effort will be expended on consolidating the system, additional training and capacity building, and ironing out compatibility issues with WARMS and the water use licensing system.

The extension of SAP to other users and functions in the WTE also needs consideration. For example, the financial and human resources transversal systems of the department require attention. The currently used (Basic Accounting system) BAS is outdated as a financial management system. The WTE has made a decision to use SAP for financial management. Some financial management activities are done manually, carrying the risk of information loss or unauthorised access. A seamless solution is required so as to provide the ability to:

- Perform all the budgetary and financial requirements.
- Record and have a capability for asset depreciation.
- Produce timely and accurate periodic reports.
- Produce all other relevant reports.

Persal is the only system used in the WTE for the management of HR information. The majority of HR functions are not supported by the system, and HR information is held on physical files and spreadsheets. Within the integrated financial management system (IFMS) an Integrated HRM system initiative should provide the ability to:

- Manage HR records.
- Facilitate HR legislative reporting requirements.
- Facilitate the analysis of employment equity.
- Automate the recruitment and selection process.
- Online leave applications and approval.
- Support payroll functions.
- Support job evaluation.
- Provide employee benefits.
- Provide skills management.
- Do training development.
- Handle disputes management.

The IFMS will interface with the permitting, procurement, legal, contract management, information management and performance management systems.

National Treasury is working on an integrated financial management system (IFMS), which has been frequently

delayed. The latest estimate of its deadline is end 2008, which needs to be confirmed by the IFMS Standing Committee of GITOC and Treasury, as it seems highly unlikely that the set target will be met. It is recommended that DWA makes a strategic assessment of the likelihood of such a deadline being met, and whether the WTE wishes to proceed to develop or purchase its own system. Such a system would need to be adaptable and capable of integration with the system from Treasury or at least utilize and capture relevant data in BAS and PERSAL systems. DWA is in the unique position of managing a Revenue Account for the Water Services Agencies which is already administered as a fully fledged departmental financial function apart from the normal Exchequer Account (government budget). The SAP financial module in operation might give motivation for the full establishment /roll out of this platform.

To stabilise the SAP environment the following modules should be configured during the next MTEF period:

- project Systems: This will assist WTE to account for all the capital project appropriately;
- payroll management;
- fleet management;
- industrial solution: The current billing system in SAP is inconsistency; the implementation of this module will assist WTE in building the customers correctly;
- business warehouse: This will assist in correct management reporting
- business objects;
- customer relationship management;;
- supplier relationship management;
- enterprise wide assets management; and
- cash management.

14 Risk Management Plan

Table 25: Risks and mitigating actions

Risk Category	Risk Description	Root Cause	Action to improve management of risk
Governance, Risk and Compliance.	WTE having inappropriate or ineffective Governance, Risk Management and Compliance processes and systems in place - failure of management to fulfil their fiduciary duties of care and skill	- ERM is a new concept within the WTE and was not practiced in an integrated manner in the past - GRC is also a new concept and is not in operation at the moment - The provisions of the King III report is not clearly understood and or embraced by all senior managers - Lack of continuous education and training for senior managers	- Develop business processes and support systems in terms of the requirements of the PFMA and Treasury Regulations - Develop and implement a framework for managing for managing organizational performance - Develop management system is in place and used to develop and maintain the Wit's policies - Develop an -integrated OHS system
Governance, Risk and Compliance Performance management.	The business and financial models used by the WTE not ensuring that all resources, services and outcomes will add value, and result in the most effective, efficient and economical use of resources	- The complexity of the WTE business environment requires the use of various business models - WTE has not defined the various business models that are required - Strategies and structures are not informed by business models - Operate off cash and budget models rather than business models linked to value creation and enhancement	Review financial models used within the WTE and align these models to leading practice models
Human Effectiveness	Inability by the WTE to attract and retain the required skilled, knowledgeable and experienced people within the organisation that will address the current professional and technical staff profile	- There is a huge shortage of professional and technical staff within the WTE - is a country problem - Ineffective staff retention strategies in place -Slow implementation of the OSD	- Develop a retention and recruitment strategy fir the WTE - Implement the OSD policy to retain and attract technical scarce resources - Due date: 31 March 2010
Performance management. Process and system effectiveness	Inability to measure and monitor the business, financial and human performance of the WTE in an integrated, robust, timeous and formal manner; that enables informed and quick decision making by management	- WTE does not have a formal business performance management system in place - Ineffective measuring and monitoring systems in place that are integrated - Business strategy and performance management systems are not linked and measured and monitored in a robust manner - GRC is not undertaken in an integrated manner	- The WTE to ensure that it is in pace and used to develop and maintain the WTE's policies - Develop a change management strategy

SECTION B WATER TRADING ENTITY

Risk Category	Risk Description	Root Cause	Action to improve management of risk
Service delivery Operational Management Reputation risk	Inability to guarantee sustainable provision of bulk raw water to customers due to the aging and current condition of the water resources infrastructure - ineffective strategic water infrastructure asset management	- Condition of water resources infrastructure is of a low condition and exposes the WTE to a variety of service delivery, safety and environmental management risks - Asset condition monitoring not linked to ERM - Insufficient funding to catch up maintenance backlogs	Develop business continuity policy, strategy and plans (EPP and water infrastructure plan) are in place together with associated contingency and redundancy plans - Obtaining Cabinet buy-in on the seriousness of the Water resources Infrastructure situation via the intervention actions of the DWA accounting officer - draft cabinet submission - Ensure availability of strategic asset management has a formal IAM strategy, framework, system in place and that appropriate asset management life-cycle models are used
Environmental management Reputation risk Performance management	Inability by the WTE to achieve the energy and water loss savings as contained in the Business Strategy	- Sustainability reporting is a new concept to most Government Departments - All staff are not environmentally conscious - Energy saving targets are difficult to achieve without significant funding - Condition of water resources infrastructure has a direct correlation to water losses and significant funding is required - Demand for water exceeds supply	Develop energy savings strategy and plans, measuring, monitoring and reporting systems are developed and rolled out across the WTE
Performance management Human effectiveness	The WTE not having an appropriate knowledge Management culture and or formal mechanisms in place that encourages knowledge sharing and retention and where leading practices are cherished as unlockers of innovation and staff are encouraged to make a real difference in their areas of accountability and responsibility	Formal knowledge management systems are not in place	Develop a knowledge management system is

SECTION B WATER TRADING ENTITY

Risk Category	Risk Description	Root Cause	Action to improve management of risk
Business continuity Service delivery	No or ineffective business continuity management. Inability by the WTE to continue to live out its mandate after a business, financial, information technology or natural disaster has occurred.	- Although there are disaster management programs in place for dams there is no formal Business Continuity Management and Business Continuity Plan in place to ensure that the WTE as a whole can continue to survive after a significant, financial, people, systems and or natural disaster has taken place - Negative media publicity after recent flooding surrounding Vaal and Bloemhof dams	Develop a Business Continuity Plan (BCP) for the WTE
Reputation risk	Local and international reputation exposure to the WTE due to water pollution, health risks and negative media reporting	- Pollution especially in run off or catchment areas outside of the control of DWA - Negative publicity in recent times by media on water quality due to a wide array of pollution - Water Boards complaining that due to the poor quality of water excessive additional costs are incurred to purify water to acceptable levels in relation to potable water - Adherence to the carbon footprint	Ensure that continuous water audit quality process is in place and an aggressive water management education process is continued across the country targeting key stakeholders
Financial Management Service delivery Process and system effectiveness	The non recovery or non timeous recovery of water revenue giving rise to cash flow shortages, the inability to ensure future business sustainability, effective water operations and the ability to maintain and extend the life cycle of all water infrastructure	- Meter reading inaccuracies, damaged or faulty meters - Rise in debtors and outstanding amounts especially from municipalities and water boards - Illegal water extractions resulting in revenue losses - Farming community extracting volumes far greater than agreed and paid for extraction volumes resulting in loss of revenue	- Develop policies relating to revenue and accounts receivable and credit management, - Develop a debtors recovery strategy and plan
Financial Management Service delivery Process and system effectiveness	Ineffectiveness of the current water tariffs to ensure that the WTE is able to fulfil its mandate of being sustainable and to provide its services in the most efficient and economical manner	- Current water tariffs unable to ensure that the WTE is sustainable - Maintenance backlog of water resources infrastructure is massive and without a significant increase in bulk water tariffs the revenue generated will be insufficient to ensure that all assets are adequately maintained	Developing the new water tariff strategy

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